



THREE CONCEPTIONS OF ECONOMICS

By A. A. MAGNUS

It is one of the characteristic ideas of the nineteenth century to consider mankind as essentially the same and subject to the same laws everywhere. From this, economists arrived at the idea that the various national economies developed along basically the same lines. Conservative scholars as well as Karl Marx and his pupils, in spite of all their differences over details, agreed on this principle.

Today we think otherwise. We recognize the differences existing between peoples as well as between "Grossraums." The following article represents an interesting attempt to analyze the differences in the economic thought of Europe, East Asia, and America from a psychological point of view.

The author, who was a lieutenant in the Great War at the age of eighteen, later studied national economy, law, and agriculture. For several years he worked in the Foreign Trade Office in Berlin, and since 1937 he has been the Tokyo correspondent of the Foreign Trade Office.—K.M.

THOUGHT AND ACTION

THE great increase in the earth's population during the last few decades has been made possible by the mental labors of scientists. With astonishing speed they unearthed new knowledge concerning the nature and treatment of diseases and epidemics. They brought into being connections between the peoples of all parts of the earth, connections culminating in the airplane and the wireless transmission of sound and light waves. They taught us to appreciate substances of the earth hitherto regarded as valueless. The inexhaustible flood of new discoveries, however, entails the demand that the human beings for whom these things are intended should be supplied in a satisfactory manner according to the changing possibilities. This is where economic thought comes in, a science that concerns everyone from the housewife to the economic theorist.

Human beings appear collectively as nations, and the form taken by their thought decides how great a share of the earth's opportunities they may enjoy. This economic thought is influenced, on the one hand by the heritage the nations have brought with them down to present times, and on the other by the scope of activity afforded them by their territory. The action can only follow upon the thought. Of course the action is of decisive importance for the realization of the thought, and it often gives to the achievement a shape different from that which was planned. Nevertheless, without thought there can be no action.

"GROSSRAUM" ECONOMICS

The invention of gunpowder destroyed Europe's medieval economic and political system. The invention of the compass made possible the circumnavigation of the world and the great discoveries which entailed the destruction of most of the then existing economic and political sys-

tems of the other continents. The two examples represent simplifications at two focal points of complicated development. Any one who is aware of them cannot feel surprise at the claim that the airplane has destroyed the former system of capitalist economics and national states. Superiority in technical sciences and political organization now enables certain states, nations, or combinations of racial groups—a fixed formulation is not yet possible—to radiate power to a degree quite impossible even ten years ago. It is from the recognition of this fact that the idea of the *Grossraum* has arisen.

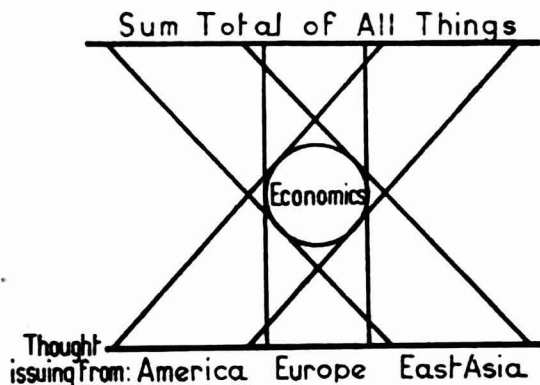
A *Grossraum* presupposes military and political foundations, but it also demands a uniform economic thought. During the last hundred years or so a net of communications and economic exchange has been drawn over the globe and held together by capitalistic economic thought. The new *Grossraums* tend to form solid economic systems which take account of the economic thought typical of each individual sphere. The relations between the *Grossraums* will consist mainly of the balancing of excess supplies in a way which will affect the vital parts of their structures as little as possible. It is probable that for a long time to come the economic thought of the separate *Grossraums* will show great differences. Nevertheless, mutual trends will be conserved, because scientific thought and economic thought will enrich and influence each other.

RELATIVITY OF THOUGHT

Human thought, at least that of the highest quality, will always be conscious of its limits. For instance, it cannot grasp the sum total of all things, not even as a collective concept; for, when it is about to grasp the sum total of all things,

it has at that very moment a new conception on its hands which is not contained in the sum total it had just grasped. Kant was already aware of this famous paradox known as Russell's, and we only mention it here to show that the limitations of thought were already being recognized by the great thinkers of the nineteenth century. Today we make thought relative to the thought of peoples and races, and we have realized that human thought is qualified by its biological and cultural origins.

If one holds up a finger in front of one's eyes and, without moving it, looks at it first with one eye closed and then with the other, one observes that in each case the finger covers a different part of the wall. In the same way economic thought originating from different areas embraces entirely different parts of reality.



In order to make this clearer we have included a sketch. At its lower edge are the beams of thought issuing from the three *Grossraums*. The object of thought in this case is economics (whether it be in the individual family household or in any larger community).

It is represented in the sketch by a circle at which the thoughts are directed from below. The sketch shows how the same object, "economics," is in each case regarded from a different angle, and how the thought of each *Grossraum* embraces quite different and, indeed, limited parts of the sum total of all things.

In considering economics the starting points may be separated from each other. However, as a result of the history of the last four or five hundred years they have a more or less close spiritual connection. Hence the lines indicating the starting points of thought in the sketch should not really be quite separate, as, for the sake of clearness, we have drawn them.

All three starting lines should overlap. The degree of overlapping between Europe and East Asia should only be small, while that between Europe and America should be large. In the American sphere the viewpoint from which economics are regarded is determined in an incalculable manner by the emotions and spirit of almost all peoples and races. An individual trend of its own is still in the making. Today thought in that sphere is to a certain extent less uniform than in the spheres of Europe and East Asia, so saturated in history.

ECONOMIC THOUGHT IN EUROPE

The thinking for economic demands is based upon the historical and cultural consciousness of the European peoples. Although the goal is, of course, economic, it is nevertheless often determined by considerations other than economic. Taste, ideals of beauty, and ideas influence the starting point. The more historical consciousness accumulates, the greater becomes the influence of nationalistic thought. Until recently the emphasis, in the case of the individual, was placed on living according to his special talents and nature, because it was believed that in this way the whole would fare best.

As a result, on the one hand of the process of concentration forced upon Europe's economy in recent times by technical developments, and on the other of modern military science, the possibility of the failure of the individual has become so great a danger to the whole that the actions of the individual must on principle now be governed by the interests of the community, whether it be the community of a nation or of an entire *Grossraum*.

At the same time this technical development has made it feasible for the European-African sphere to become self-sufficient and no longer to require the whole earth for its metabolism. For this self-sufficiency it is, of course, necessary that a system of provision of labor and a state regulation of economics similar to the National-Socialist system be applied, the costs of which will decrease with growing experience. A characteristic of the European *Grossraum* is its

labor ethics and the high intellectual level of great masses of its peoples, all of which will lead to high development of labor legislation and juristic thought.

. . . IN EAST ASIA

In East Asia economic thought is still largely bound up with feudal ideas. A distinct taste and conception of beauty, and ideas that have to a large extent developed independently, have led to a way of thinking that cannot be grasped from the basis of European thought. To go back to our drawing: as a result of the varying angles of the viewpoints, totally different horizons of the sum of all things are in the line of vision. In this sphere, too, the determining factor of nationalism is increasing with the growing consciousness of its history. But the individual is still completely overshadowed by the family, which is partly of a patriarchal, partly of a clan nature.

The people of this sphere are unshakably determined to retain their cultural heritage, and for this they require independence and the necessary sources of raw material hitherto contained in European colonies. Nevertheless, their mental and spiritual structure is more static than the European. If the formulation of justice in the sphere of East Asia should seem blurred to the European, this need not worry him. Far more than in Europe, the emphasis in East Asia is placed on the execution of the law. This execution is influenced by prescriptive rights and moral principles, which guarantee the same security as the more sharply defined legal formulations of Europe.

. . . AND IN AMERICA

In contrast to Europe and East Asia, American thought is not determined by race. The very beginnings of a consciousness of her own history are being gradually formed. Up to the outbreak of the war she was governed by an unrestrained individualism that was not directed by any unified ideas of her own. The condition of "every man for himself" resulted in the fact that those came to

the top who had the greatest vitality, since the population of this sphere contains large proportions of dynamic races. As there are no economic goals founded in history and no feudal ties whatever, there is no nucleus around which the thought of this sphere could have crystallized. Although Nature has richly endowed this sphere, it refused to see the need of organizing itself so as to become self-sufficient. An attitude in which the thought of the whole is not directed toward making the best of the deficiencies of its own sphere in order to assure a peaceful and independent life side by side with the other spheres, must reveal a certain aggressiveness. Indeed, the actual grouping of the world into *Grossraums* was hindered mainly by the mental make-up of America.

WILLINGNESS FOR ECONOMIC SACRIFICE AS A CRITERION

The three *Grossraums* have not yet been economically separated long enough for concrete examples of the differences in economic thought, from the point of view of the *Grossraum*, to be very characteristic. But we can make an attempt to show the differences from the point of view of the nations. We have chosen the idea of economic sacrifice because it throws light on the attitude in which "economics" are carried on. Furthermore, it shows how different parts of the sum total of all things appear on the horizon of economic effort. What makes it difficult is that a *Grossraum's* or nation's thought fluctuates and is in constant development.

In the case of the European peoples, the willingness to make economic sacrifices has decreased more and more during the last few decades. Hand in hand with the growing possibilities for the enjoyment of life, there went a decline in the influence of Christian asceticism and of spiritual values in general. The peoples of Europe had forgotten that individual life depended upon a community, such as the family or the nation, and they were reeling towards an abyss from which they were only snatched back by the various forms of national socialism. At that

moment they realized that sacrifices of material and spiritual independence are necessary in order to maintain their economic organism—which is becoming more and more sensitive—and through it the conditions for the way of life they value so much. So their economic thought and their willingness for economic sacrifices altered accordingly.

It is quite otherwise in East Asia. Although the individual is on the path leading from feudal dependence to individual consciousness, at the same time sacrifices for the community, whether it be family or nation, are automatically regarded as a matter of course. In some respects the family is given almost undue stress. Religion is a great factor in supporting the willingness to make the necessary economic sacrifices. The fundamental attitude from which Buddhism originates and which has made India the creator of the idea of Nothingness, still governs the East today. Here non-existence is a form of existence, however impossible this may seem to European logic. The end of physical existence is, in the East, not the end of the "name." The continued existence of the spirit is so real that the economic possibilities of the present life cannot command anything like the attention they do in Europe today. The well-known modesty of the demands of the Asiatic peoples originates from their own economic thought which facilitates that which the European calls economic sacrifice.

The American sphere has its very own, almost exclusively negative attitude towards economic sacrifice. This territory was populated by people who were glad to escape from the cramped conditions of Europe. At first they had to undergo great hardships in exchange for their new opportunities. But when later on they had realized and learnt to use the wealth of their territory, they forgot their willingness for sacrifice which had made them the masters of this territory. The prohibition legislation showed how arid is the soil on which economic sacrifices are still possible today. In the case of this unsuccessful attempt a sacrifice was demanded from the individual for

the benefit of the whole whereby no account had been taken of the real nature of the people of this sphere. It will be most interesting to watch how the USA will bear the sacrifices currently imposed upon it by President Roosevelt. There is the danger that the non-racial economic thought of this sphere is not yet sufficiently condensed to accomplish real sacrifices.

THE FARM IN GERMANY

If one looks for concrete examples for the individual nature of economic thought in the three *Grossraums*, one is bound to find considerable variety within each *Grossraum* where the conditions developed through history have not fallen victim to the industrial revolution of the last hundred years. It is therefore necessary to discover which of the manifold phenomena in each *Grossraum* are representative. The farm, probably the most concrete and often the first sign of economic stabilization in a given area, should offer typical examples in each *Grossraum* in spite of natural differences.

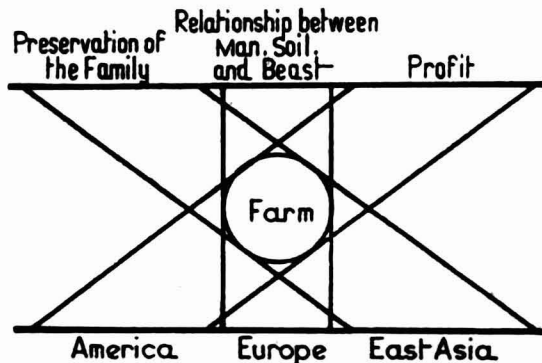
In a search for a typical European farm, the German farm seems to offer the best material. Since the death of feudalism, the German farm has been hereditary property, worked by the owner himself. The aim of the life and labor of the farmer is the maintenance of the family inheritance and a high yield of the soil entrusted to him. The man responsible for the farm, usually the eldest son of the family, knows how his father and grandfather worked this or that field. He remembers what crops were raised before, when improvements or alterations in the conditions of field, meadow, pasture, and forest took place, and how cattle-raising developed. Between farmer and animal there is a personal relationship, which is shown by the

fact that the son does not sell his father's favorite horse, even when the aged animal can no longer earn its fodder. Love for soil and cattle almost as if they were human beings is a characteristic of the farm in Europe. Hence, in the beam of thought issuing from Europe, the farm appears against a background of personal relationship between man, soil, and beast.

. . . IN JAPAN

In contrast to this, the Japanese farm as representative of East Asia is independent of privately owned land. Often only the house is owned, together with a tiny piece of ground. The actual farming, however, is done on leased land, and the number of small lots leased depends on the amount of labor available in the farmer's family. So we have here an entirely different system from that in Germany, where each individual farm is fixed in size and according to this size requires a certain number of hands. In Germany the farm demands men; in East Asia the family demands land. The Japanese landowner seldom works his

land himself but usually lives in a small town following some other occupation. This may in part be explained by the fact that the farm in the Orient has hardly any cattle, which increases the monotony of life and forces the farmer to earn some extra income through handicrafts. Even the culture of silkworms and charcoal-burning are only connected with the family and have no organic relationship to farming, and can also be carried on by villagers or townspeople without any land whatever. Without autumn plowing, meadows, pasture, and cattle, work is so unevenly spread over the various months that the farm does not keep the family busy throughout the year unless goods for its own use are produced during the winter months. Thus



the farmhouse in Japan is more the center of family life than the center of farming.

... AND IN THE USA

In the average American farm of today one can find neither the European relationship between man, soil, and beast nor the Japanese relationship between farmhouse and family. The American farm is a business enterprise which is characterized by its ideal of the movable folding house. This makes it impossible for the farmhouse to become the concrete object around which family traditions can crystallize, as is the case in Europe and in East Asia. The American agricultural entrepreneur erects his dwelling house on land bought as cheaply as possible and leaves it there as long as the production of certain goods ensures him a good profit. He is not concerned with either the past or the future. He does not care whether the soil bacteria require attention or that the soil is a living creature that can be maltreated and made sterile. The farmer exploits the present state of the soil and moves somewhere else when his calculations show that the present place is no longer as profitable as he would like. If he is affected by a slump in wheat, he may turn to chicken farming for a couple of years or become a refrigerator salesman, if he thinks that this would be more profitable. Thus the American farm has no relationship to the past or future. This is a dangerous experiment for the soil as well as for the people, for in the long run one cannot demand in agriculture that one's labor be always rewarded within the year. Growth requires time, in the case of soil as well as of men and animals. Moreover, man's character can only be formed by agriculture if his house has struck root in the land.

The diversity of economic thought in relation to the farm is shown in Fig. II. (We repeat here that we tried to over-

come the diversity within each *Grossraum* by choosing typical examples.) Europe sees the farm against a background of soil and farmers. East Asia sees it against the background of family preservation, as is shown by the belief that the trees surrounding the Japanese farmhouse contain the spirits of the ancestors. America sees it against a background of business profits and disavows any emotional relationship between man and soil or house and family, in the belief that in this way the greatest possible immediate happiness can be ensured for the largest possible number of people.

MENTAL FORCES PRECLUDE UNIFORMITY

What we have shown to be the attitude toward the farm in the three *Grossraums* can be generalized to a large extent. In Germany, for example, the ethical character of work has been developed in such a way that the relationship between the worker and his work stands above both profit and family; love for one's work overshadows everything. The Oriental is interested in his work to such a degree as may be required by his family, or in Japan, by his nation. For his family he is ready to make any sacrifice. On the other hand, the American preserved his Puritan ancestors' attitude toward work, an attitude in which religion and profit are strangely intermingled. To the American, economic success is a manifestation of divine blessing on his work.

Thus each *Grossraum*, because of its different thought, has a different attitude toward the same economic phenomenon, or perhaps phenomena of any kind. Although, technically speaking, communications between the most distant areas are becoming more and more easy and carry with them the danger of growing uniformity, it is the mental and spiritual forces which link and yet separate the *Grossraums* and ensure a healthy economic and cultural exchange.